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## **INTRODUCTION**

International Academy of Flint entered into contract #BA-01-25004 with the Michigan Family Independence Agency (FIA) to provide an After-School Program for children in grades K-9. The children were to participate in academic development activities, parent and student social events, student clubs, leadership development activities, intramural sports, and life skills programs. The contract totaled \$137,749, and covered the period October 1, 2000 through June 30, 2001. The International Academy of Flint was reimbursed for actual costs incurred, through the submission of monthly billings to FIA.

## **SCOPE**

The Office of Internal Audit performed an audit of International Academy of Flint to determine if the Agency's billings were accurate, allowable, and properly supported by the accounting records and supporting documentation in accordance with the terms of the contract. Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Our review covered the period October 1, 2000 through June 30, 2001.

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that International Academy of Flint overbilled FIA \$35,085.78 for undocumented salaries, fringes and contractual services, and billing for items not included in the contract. Our report recommends the Field Operations Administration initiate the process to recoup \$39,085.78 in addition to the \$11,940.22 that was requested by the contract payment unit from the International Academy of Flint.

## **AGENCY RESPONSE**

The management of International Academy of Flint has reviewed the findings and recommendations included in this report. They indicated in a telephone conversation on October 29, 2001 that they are in general agreement with the report.

## **FINDINGS AND RECOMMENDATIONS**

### **Salaries and Fringe Benefits**

1. International Academy of Flint overbilled the salaries and fringe benefit line item by \$31,859 and \$4,751.11 respectively. They were unable to provide payroll records and time sheets to support the charges that were billed.

### **Supplies**

2. International Academy of Flint overbilled the Supplies line item \$21.55 due the actual cost of supplies being less than what was billed. A shipping charge was included in the monthly billing, which was not included in the payment.

### **Local Transportation**

3. International Academy of Flint overbilled the Local Transportation line item by \$2,300 because costs for American Fitness Centers classes were not included in the contract budget.

NOTE: The Local Transportation line item would not be the appropriate line item for these costs, even if they had been included in the contract budget.

WE RECOMMEND the Field Operations Administration allow the International Academy of Flint to submit a contract budget amendment to include American Fitness Center classes under the Contractual Services line item.

#### Contractual Services

4. International Academy of Flint overbilled the contractual services line item by \$154.12 for costs that could not be documented.

WE RECOMMEND that the Field Operations Administration initiate the process to recoup \$35,085.78 from the International Academy of Flint.

#### Advance Overpayment

5. International Academy of Flint was paid \$131,788.13 for the Before and After School Program. The billings submitted totaled \$119,847.91 resulting in an overpaid advance of \$11,940.22.

WE RECOMMEND the Field Operations Administration initiate the process to recoup the overpaid advance amount from the International Academy of Flint.

#### Case File Review

6. We reviewed 61 case records out of a population of 262 students and found 61 TANF forms and 59 survey forms were on file. The survey forms were not all filed at the time of review.